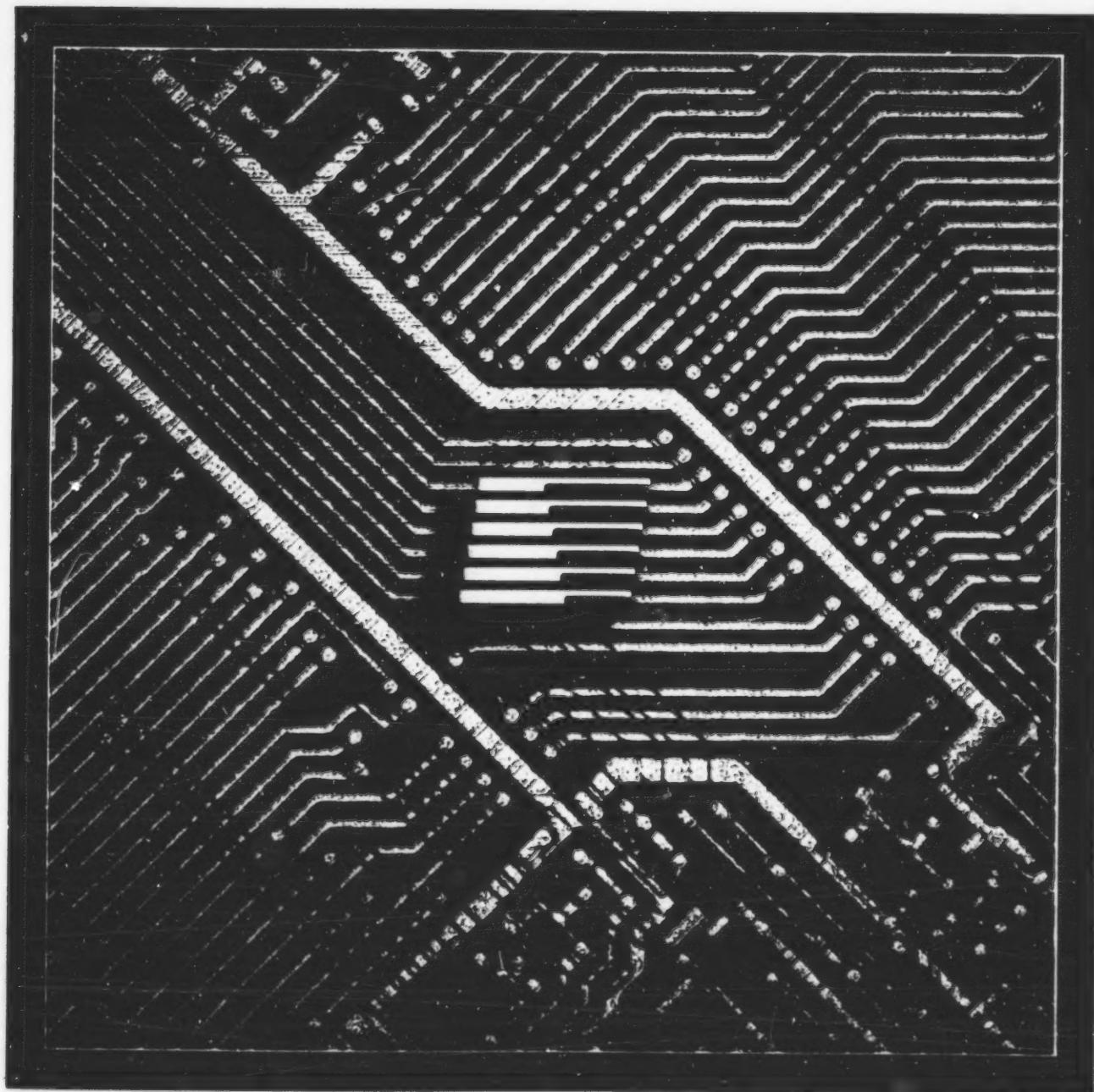
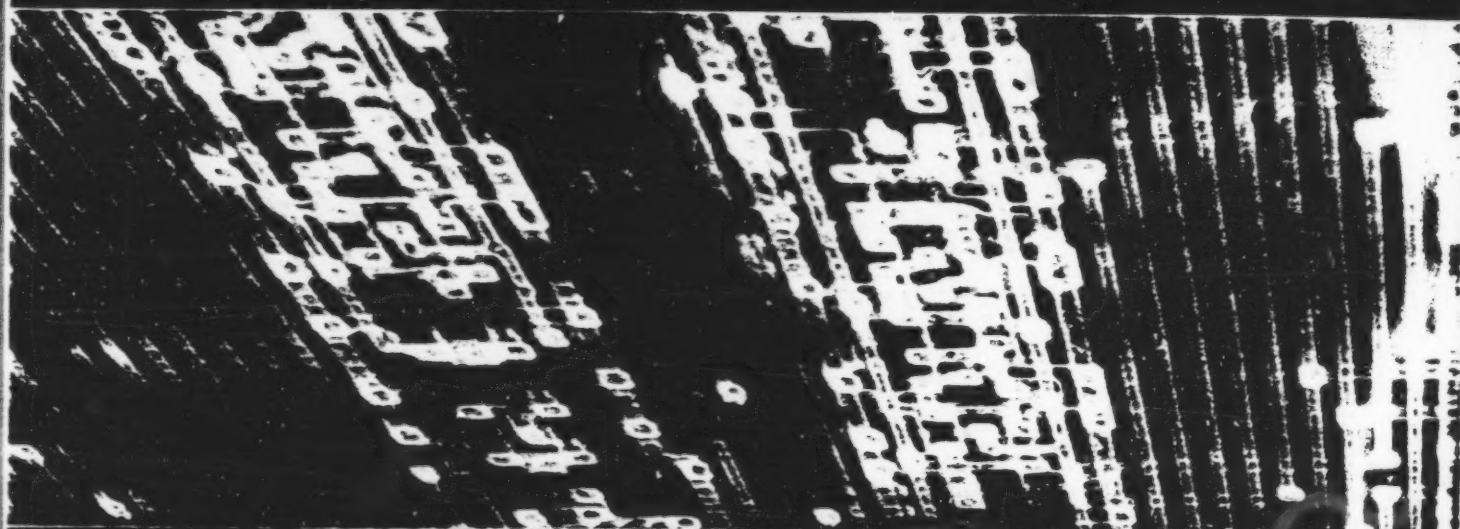
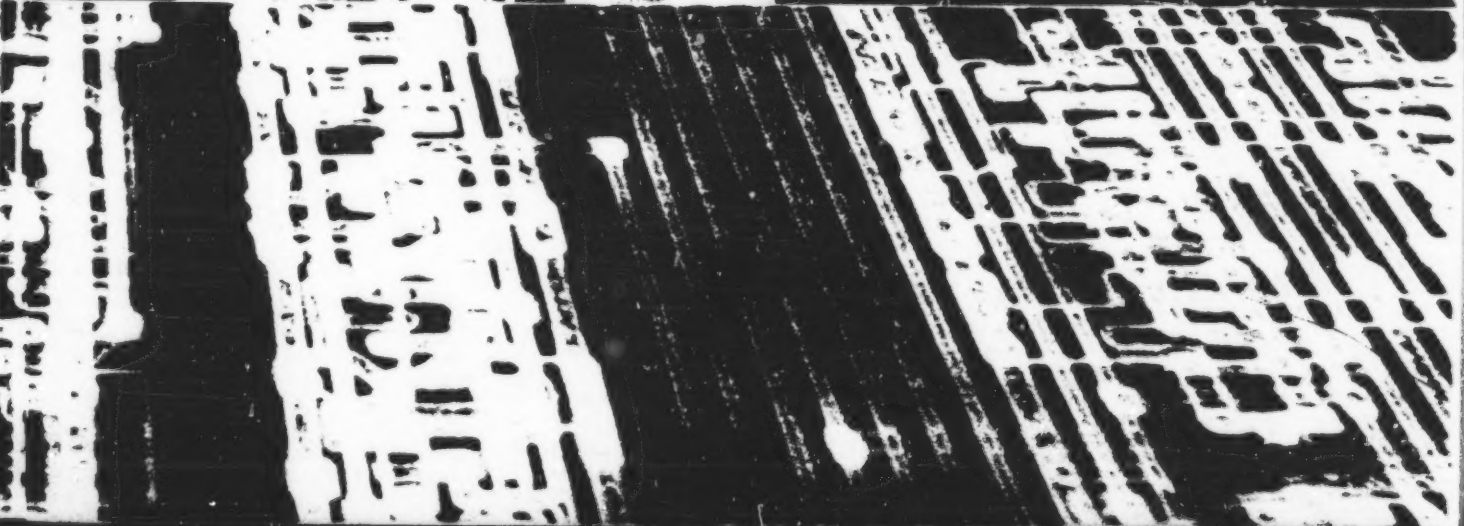
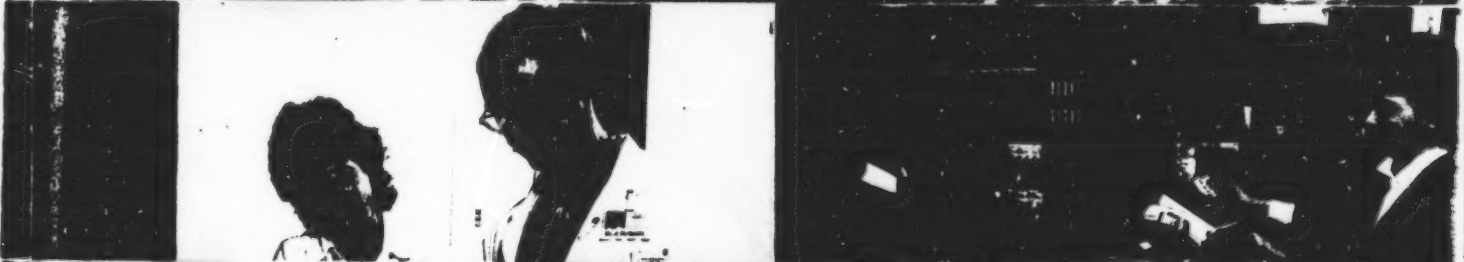






About the cover

About the cover



Letter of transmittal



Regina, Saskatchewan
March 29, 1985

To His Honor
The Honorable F.W. Johnson
Lieutenant Governor of the
Province of Saskatchewan

Dear Sir:

I have the honor to submit herewith the annual report of Saskatchewan Telecommunications for the year ending December 31, 1984, including the financial statements therefor, duly certified by the Provincial Auditor, and in the form approved by the Treasury Board, all in accordance with the Saskatchewan Telecommunications Act.

I have the honor to be, Sir,
Your obedient servant,

Hon. J. Gary Lane
Minister Responsible for
Saskatchewan Telecommunications

1984 highlights

- Long distance messages originating in Saskatchewan increased by 4.9 percent over the previous year to an all-time high of 96.4 million.
- The number of SaskTel-provided telephones in service reached a record 711,465, an increase of 2.2 percent over 1983.
- Construction of the 3,268 kilometer fiber optic system was completed.
- Work began on a 10-year, multi-million dollar program to replace electro-mechanical switching equipment with electronic digital switching systems.
- An investment of \$94.0 million was made to improve and expand telecommunications facilities.
- SaskTel's 4,549 kilometer local cable TV distribution network was serving 140,262 subscribers in 70 communities at year end.
- Operating revenues increased by 17.4 percent to \$382.7 million.
- Operating expenses increased by 11.2 percent to \$280.5 million.
- Net income amounted to \$35.6 million, of which half was declared as a dividend to the Crown Investments Corporation of Saskatchewan.



As part of the new corporate design program, all fleet replacement vehicles are being painted on the assembly line in the new grey and white color scheme. The logotype and blue striping are added after delivery using a reflective vinyl material.

President's report



Few industries are experiencing the change, the uncertainty and the opportunities that have become characteristic of the telecommunications industry in North America.

SaskTel's experience in this volatile environment during 1984 can be described as highly successful, when measured by traditional business terms or according to the corporation's mandate to provide high quality telecommunications services at reasonable rates.

I am pleased to report, on behalf of SaskTel employees, that the corporation in 1984 produced a financially

sound rate of return on operations, levels of service that rank near the top of recognized North American standards, and a continuation of rates for basic service that remain among the lowest in North America.

This combination was not easily achieved. It has evolved from SaskTel's long history of dedication to customer needs and demanding standards of service. Both are fundamental principles in our corporation's ability to transform challenges and uncertainties into opportunities. This is possible because we have had the good fortune to attract and retain employees who are both skilled and dedicated to meeting the communications needs of Saskatchewan residents.

Our successful financial performance can be credited to sound management and effective cost containment programs, among a number of contributing factors.

Significant savings were realized as the result of commendable support by management and staff for our cost containment and earnings improvement activities. The latter program delivered \$4.5 million in recorded savings, the largest since its implementation in 1981.

Closely integrated with our cost containment activities are a continued restraint on hiring and the company's practice of offering employees first preference for opportunities resulting from attrition and the introduction of modern techniques in our industry. We have developed a program, in cooperation with the Communications, Electronic, Electrical, Technical and Salaried Workers of Canada (CWC), to

provide training and relocation assistance to employees who wish to pursue career opportunities created from the sophisticated technologies that are being introduced to improve service to our customers and make our operations more efficient.

SaskTel's mandate is to return an economic profit while providing quality services at rates that ensure virtually universal access to the telecommunications network. I am pleased to report that SaskTel ended the year with net earnings of \$35.6 million which represents a rate of return of 4.3 percent on average capital employed. This is a substantial increase from the 1.5 percent reported in 1983, and compares with the average rate of return for the 10 years, 1974 to 1983, of 4.5 percent.

Historically, revenues from long distance services have helped to support the cost of providing local telephone service. As a result, our customers currently pay basic local service rates which are well below the cost of providing the service — particularly in the high-cost rural and remote areas of the province.

An application submitted in October 1983 by CNCP Telecommunications to the Canadian Radio-television and Telecommunications Commission (CRTC) constitutes a serious threat to the principles and practices which have made possible the provision of low-cost, universal telephone service in Saskatchewan and the rest of Canada. Public hearings by the CRTC were concluded in October 1984, and at year end, the CRTC had not rendered its decision. The outcome has the potential to change the objective of universal access to telephone service that has

been the mission of Canada's major telephone companies throughout their history.

Should the application be approved, the resultant duplication in the provision of long distance services in Canada would cost the people of Saskatchewan millions of dollars in lost revenues from long distance received annually through SaskTel's membership in Telecom Canada. Long distance calls provide about two-thirds of our revenue. Almost half of that comes from services jointly provided by SaskTel and other telephone companies. A reduction in these revenues could drive up the price for local services rates in the province.

This has been the experience in the United States, where some predictions suggest that many of those previously receiving basic service will soon be unable to afford it. There, the introduction of competition for long distance services has resulted in a loss of revenues that local telephone companies previously used to support the provision of basic local service at less than the actual cost. Local service rates in the U.S. have increased significantly since the introduction of competitive long distance services. In Bismark, N.D., for example, rates for basic residential service increased from (CAN) \$13.30 a month to (CAN) \$17.25. This compares with current rates in Regina and Saskatoon of (CAN) \$8.30 a month. Examples of other current U.S. rates in Canadian dollars: Fort Wayne, Indiana \$31.72, Phoenix \$24.30, Denver \$16.20, Buffalo, New York \$29.70.

Underlying this issue is the fundamental question of who will shoulder the

responsibility for providing service — both basic local service, which in Saskatchewan is a \$100 million-a-year loser, and the money-losing short haul and remote location long distance routes. In my opinion, an equally worrisome problem is that where there are a number of suppliers, connecting equipment and facilities to each other, it will be difficult to hold any one company responsible for the end-to-end quality of the service. Perhaps my concern is the result of a lifetime spent in an industry where it was always perfectly clear who was responsible when a call failed to be completed satisfactorily.

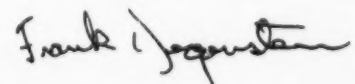
A major accomplishment for SaskTel this year was completion of the world's longest commercial fiber optic system. Construction was completed on schedule and within budget, due largely to the dedication of planners and engineers who envisioned its potential, and the technicians who put it in place. Our innovative use and management of fiber optic technology has brought us a reputation as an acknowledged leader in the field. As the newest and most powerful transmission medium, fiber optics will help bring the latest in telecommunications services to 52 of Saskatchewan's largest communities. The system's potential, which we are only beginning to tap, is outlined in greater detail in the operations review section of this report.

With the new Broadband Network, which incorporates fiber optic technology and serves more than half of the province's one million residents, SaskTel is considerably closer to its long-term goal of establishing an all-digital telecommunications network by the year 2000.

To meet the future needs of our customers, SaskTel, like other Telecom Canada companies, has selected the integrated services digital network (ISDN) as a design concept for expanding our existing network. ISDN will ultimately carry all types of electronic information — voice, data, image, and text — on the same physical components. It will guide the evolution of the network into the next century, and be flexible enough to respond to changes in demand or technology. For SaskTel, it means more cost-efficient switching and transmission. For our customers, it means cost benefits, new services, and more importantly, access to all telecommunications services through a standard physical interface.

It's been said that the most important asset of any company is its people. This is especially true in our industry, where new challenges and new opportunities take place at an astonishing pace.

It is a tribute to our employees, management and to our Board of Directors that the opportunities inherent in this rapid change are recognized and adopted with enthusiasm. This philosophy enables SaskTel to remain an innovative company bringing to Saskatchewan modern, cost-efficient telecommunications services.



Frank A. Degenstein
President

Operations review

New technologies provide new service opportunities

Throughout the year, SaskTel continued to apply advanced telecommunications technologies to meet customer demands and improve services.

While new services and technologies were being implemented to satisfy the ever more complex needs of customers, SaskTel continued to maintain and expand the more traditional areas of its business during the year.

Growth of traditional services

In 1984, the number of long distance messages originating in Saskatchewan increased to 96.4 million, an increase of 4.9 percent over the all-time high attained the previous year. More than 87.5 percent of these were customer-dialed; the remainder were operator-assisted calls.

SaskTel also experienced significant growth in both the number of data customers and the volume of data business conducted. Contributing to this rapid growth in business data communications has been the introduction of a number of new data services over the last few years in conjunction with Telecom Canada.

A service milestone was reached in mid-year with the installation of the corporation's 700,000th telephone. The achievement came four years after the 600,000 mark was attained. By the year end, a record 711,465 SaskTel-owned telephones were in

service, an increase of 2.2 percent over 1983. A net gain of 15,501 telephones resulted from the connection of 185,654 to the system and the disconnection of 170,153.

Growth in the number of SaskTel-owned telephones has slowed during the past two years as a result of a policy change allowing residential customers to purchase extension telephones from competing suppliers as well as from SaskTel.

A commitment to be the best

As part of an ongoing commitment to provide quality, innovative and reasonably priced telecommunications services to all areas of Saskatchewan, the corporation invested \$94.0 million to improve and expand telecommunications facilities. A major portion of this was spent on the modernization of switching center equipment and transmission facilities.

The South Saskatchewan Toll Modernization Program was completed in 1984 when Yorkton and its 27 connecting community dial offices were connected to a digital switching system in Regina. The centers of Estevan, Swift Current, Weyburn, and Moose Jaw were connected under earlier phases of the program.

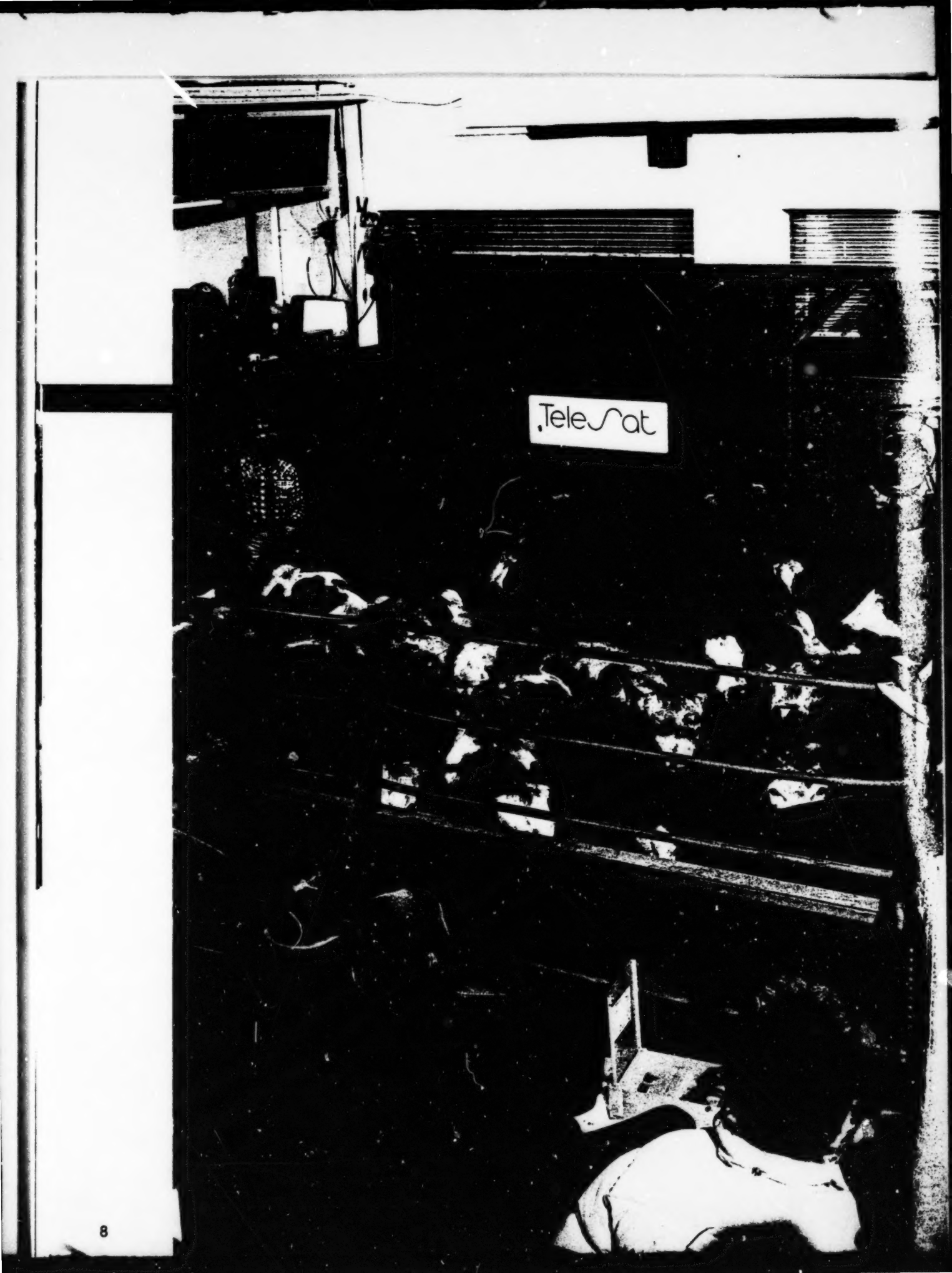
These connections involve rerouting long distance calls from smaller to larger communities to provide subscribers with faster, higher quality, and more reliable service.



During 1984 SaskTel installed more than 185,000 telephones. Here Gary Bozek chats with a Regina couple after completing the installation of a Contempra telephone.

(Opposite page) SaskTel service advisors Theresa Chalifour (foreground) and Lorna Boucher instruct TAS Pagette employees Barb Sentes and Bonnie Koshman on the use of the Regina firm's new automated telephone answering system.





Telesat

The change gives subscribers in smaller centers access to advanced features of digital switching such as zero-plus dialing and direct dialing overseas.

The Yorkton and area project involved the replacement of cord-and-jack switchboards with modern Traffic Operator Position Systems (TOPS). At these new computer-assisted positions, which include a video display screen and keyboard, operators are able to process a far greater volume of calls in a much shorter time. TOPS units are also located in Estevan, Moose Jaw, Regina, Saskatoon, Swift Current, and Weyburn.

Work is progressing on a similar project for the northern part of the province for long distance traffic connecting into Melfort, North Battleford, and Prince Albert. When the project is completed in late 1986, all long distance traffic from these three cities and their surrounding community dial offices will be channelled into modern toll switching machines located in Saskatoon. This rearrangement, like the one completed in the south, will accelerate the provision of special long distance services like zero-plus dialing and direct dialing overseas to subscribers in the northern part of the province. In addition to the TOPS units in Saskatoon, new TOPS units will be located in Melfort and Prince Albert.

A 10-year, multi-million dollar

program was initiated in 1984 to replace electro-mechanical (step-by-step) switching equipment with digital switching systems at a rate of 15,000 lines per year. This program is part of the long-term goal of establishing an all-digital telecommunications system. While increasing the fidelity of signals, integrated digital systems dramatically increase the flexibility of the network enabling it to provide advanced, cost-effective telecommunications services.

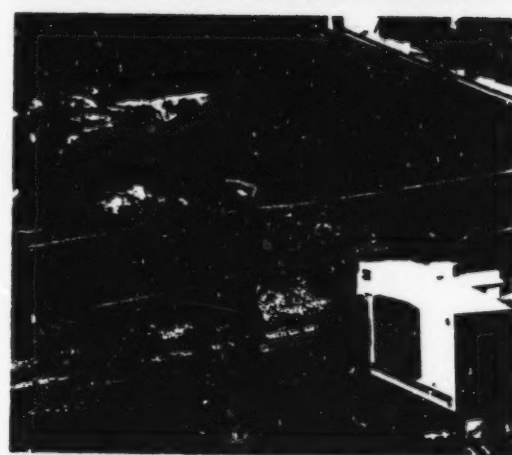
Fiber optic system complete

The last link of SaskTel's 3,268 kilometer fiber optic system was completed in mid-October bringing the five-year, \$58.3 million project to completion, on schedule and within budget.

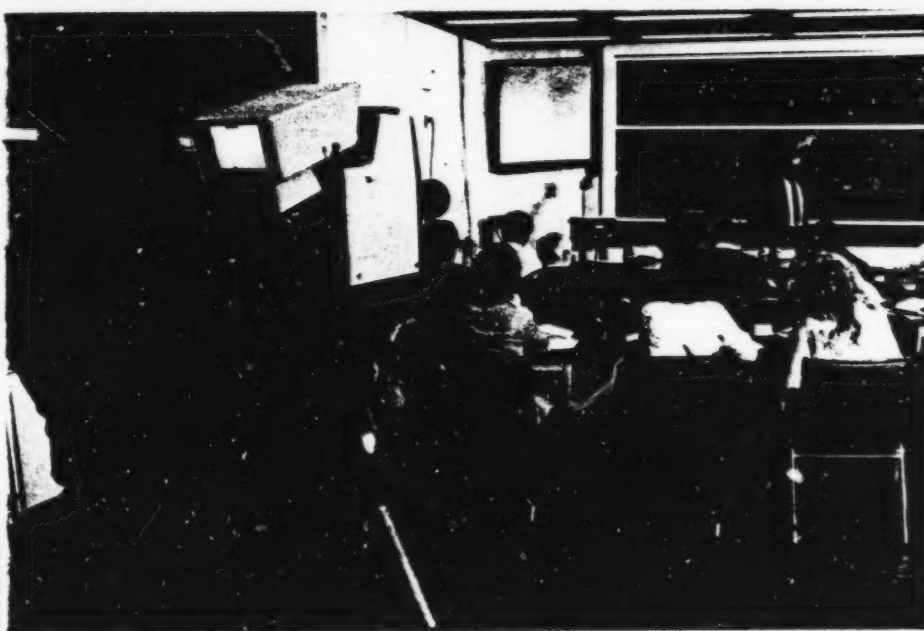
Since construction began in 1980, the new digital system has connected 52 of Saskatchewan's largest communities — from Meadow Lake in the north to Estevan in the south — and is currently serving more than 500,000 residents.

The longest of its kind in the world, the fiber optic system uses high-speed streams of laser-generated light pulses to transmit telephone, TV, and data signals through glass strands the thickness of a human hair.

Fiber optic systems transmit more information, at faster speeds, and with greater fidelity than previous systems. During the past few years,



The Saskatchewan Wheat Pool moved cattle auctioning into the electronic age by sponsoring a number of live video cattle sales during 1984. At the auction in Kindersley (opposite page and above photos), closed circuit TV pictures were transmitted via a portable earth-station dish located outside to a satellite which relayed the video signals to other bidders in Ontario. This new method of selling cattle is designed to ensure that local ranchers receive the best possible price for their livestock.



An innovative distance education field trial, sponsored by the University of Regina, used SaskTel's video conferencing service to broadcast lectures live from the university campus to continuing education students in Melville, Moose Jaw, Swift Current, and Yorkton. Using the new fiber optic system, students at these locations were able to watch lectures and answer questions from their Regina instructor.

(Above) Professor William Chadwick teaches his televised personnel administration course simultaneously to the class at the Regina campus and to other students (opposite page) at the Coteau Range Community College in Moose Jaw.

electronic advancements have tripled the signal-carrying capacity of each glass fiber. The capacity of each pair of fibers contained in the cable buried during the first four years of construction is now in excess of 2,000 simultaneous conversations.

A new generation of glass fiber called single-mode was used in the final 516 kilometers of cable buried during 1984. Single-mode fiber has a smaller central core than multi-mode fiber. This confinement of the light signals allows repeaters — electronic stations where the light signals are regenerated — to be placed further apart, resulting in significant cost savings. Electronic equipment now

being developed is expected to increase the capacity of a pair of these fibers to as much as 16,000 simultaneous conversations.

During the year, 23 communities received cable television signals for the first time through SaskTel facilities. Seven of these communities are receiving signals via the fiber optic system. In the other 16 communities, signals are received from Telesat Canada's Anik C satellite prior to being distributed over SaskTel's local coaxial cable distribution systems. By year end, 140,262 subscribers in 70 communities were receiving cable TV service through the corporation's transmission and distribution facilities.

SaskTel's fiber optic system has increased the capacity of the provincial network and laid the foundation for some new and exciting services as the Information Age continues to take shape.

An innovative educational field trial involving SaskTel's fiber optic system and the University of Regina began in the fall of 1984. Classroom lectures originating at the Regina campus were carried live via the fiber optic system to students in the Melville, Moose Jaw, Swift Current, and Yorkton areas.

Through video and audio links, students were able to participate and answer questions from their instructor at the originating

location. The trial allowed students in smaller communities to take advantage of extension credit classes not normally available to them. Four university credit classes were offered, involving 250 hours of instruction.

Earlier in the year, the University of Saskatchewan used the fiber optic system and satellite links to broadcast 40 hours of educational television programs. The broadcasts, produced by the U. of S., were aimed at specific interest groups in Western Canada including veterinarians, engineers, teachers, nurses, and farmers.

Toward a digital world

To meet service demands, modernization of the interprovincial microwave-radio transmission network and increases to the signal capacity of trans-Canada routes crossing the province, took place during the year.

A \$5 million fiber optic — microwave-radio project was completed south of Regina to reroute long distance traffic transmitted on the McLean-to-Regina section of the trans-Canada route. The project resulted from the construction of downtown Regina office buildings which would have blocked the existing signal path.

A new digital switching system to accommodate local calling growth in the Regina area went into service in May. The new system consists of an



8,600-line base unit switch located in downtown Regina with smaller, connecting remote switches, with an average of 2,500 lines, located in high-growth areas throughout the city.

Under the second phase of the same project, a 3,000-line extension was being added to the base unit switch with an additional 6,000 lines to be added to three smaller remote switches. This phase also includes 10,000 lines of integrated business facilities to provide specialized telecommunications services for the federal and provincial governments.

Work began on a major project in Saskatoon to increase the capacity of

four remote digital switching systems and install two new remote digital switches to accommodate local service growth. This project will also provide integrated business facilities for the federal and provincial government departments located in Saskatoon and be fully operational by September 1985.

Four projects were under way at year end as part of the step-by-step replacement program. The new equipment to be installed includes: a host digital switch in Melfort with connecting remote switches in Nipawin and Tisdale; a host digital switch in Prince Albert with remote switches in Domremy and St. Louis; a host digital switch in Rosetown



Agritex subscribers Gail and Sinclair Harrison, who farm near Moosomin, use the corporation's electronic agricultural information service to help them manage their operations more efficiently.

(Opposite page) Saskatoon chartered accountant Arnie Shaw with his firm's new Superset 4 telephone system. Equipped with an array of advanced telephone features, the digitally-controlled Superset 4 has the potential to substantially increase office productivity.

with remote switches in Kindersley and Outlook; and a host digital switch in Humboldt. The new equipment will bring custom calling features such as call forwarding, call waiting, speed calling, and three-way calling to subscribers in these centers.

Throughout the year construction of a number of new buildings was either completed or under way. In Melfort, a \$900,000 building which will house state-of-the art digital switching equipment was completed. Construction also was under way at year end on a \$3.2 million multi-purpose building in Regina which will consolidate a number of operations currently scattered in various locations within the city.

Work on a \$1.5 million addition to the Prince Albert main exchange building began near the end of 1984. To be completed late in 1985, the addition will accommodate new digital switching equipment and provide space for a business office and administrative offices. In Saskatoon, construction was progressing on a \$1.0 million warehouse project to provide a more modern and efficient facility.

Ongoing Improvements

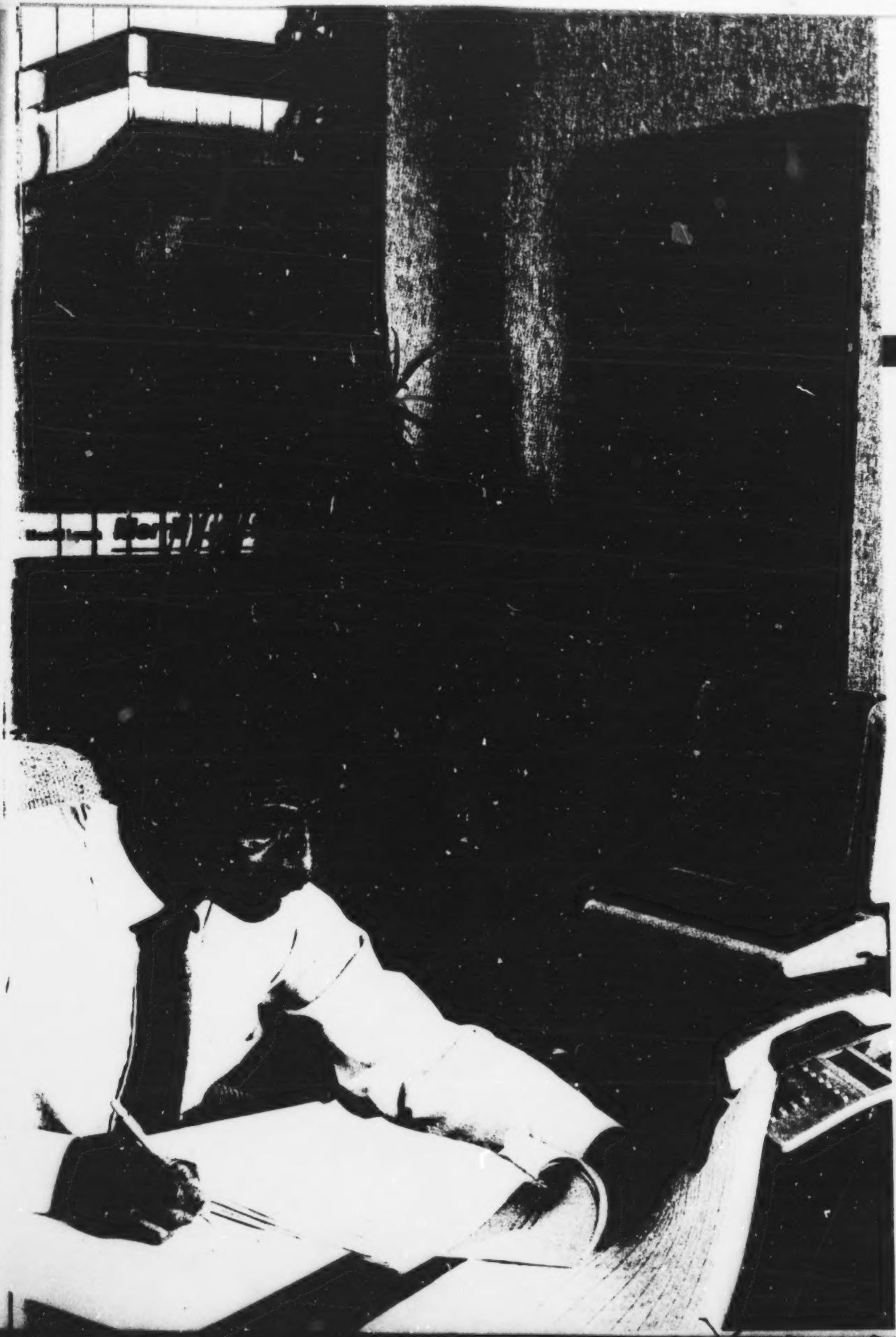
A number of programs were continued as part of the corporation's ongoing commitment to provide modern and efficient telecommunications services throughout the province.

Automatic Number Identification (ANI) service was extended to an additional eight communities. By year end, 84.7 percent of the province's telephones had access to this service which allows subscribers to place long distance calls without having to give their telephone number to an operator. Twelve small communities were upgraded from multi-party line service to individual line service under an ongoing program.

At year end, subscribers in 19 communities had received access to zero-plus dialing, increasing the number of communities with this service to 98. Zero-plus dialing improves the speed and efficiency of operator-assisted calls by allowing customers to dial their own collect and person-to-person calls, credit card calls, calls billed to another number, and calls that require time and charges information.

Direct dialing overseas, which allows customers to dial directly to 69 countries, was extended to Yorkton subscribers during 1984. Also available in Estevan, Moose Jaw, Regina, Swift Current, and Weyburn, this service will gradually be extended to other areas of the province.

A program to simplify access to the long distance network for subscribers in smaller rural areas was nearing completion at year end. The conversion of the remaining subscriber lines located in 16 telephone exchanges around Melfort





At an oil exploration rig near Carlyle, Don Jarvis of Aberford Resources Ltd. finds his mobile-radio telephone an easy and convenient way of keeping in touch with the office.

(Opposite page) Aberford Resources Ltd.'s office secretary Judy Riddell uses a Vantage 12 electronic telephone system which has been designed to meet the needs of smaller businesses.

from three digit access ("112") to one digit access ("1") will take place during 1985 and 1986.

Dialpac, a proposed new long distance discount service, remained available on a trial basis in five communities. At year end, a proposal to offer this service to SaskTel customers was before the Public Utilities Review Commission. Dialpac would offer subscribers the opportunity to bulk-buy long distance services to as many as three nearby communities.

In northern Saskatchewan, Public Exchange Radio-Telephone Service was introduced in several areas,

including remote locations, small resort areas without telephone service, and along major northern highways. Eighteen units were installed to serve northern residents and travellers where regular telephone service is not available.

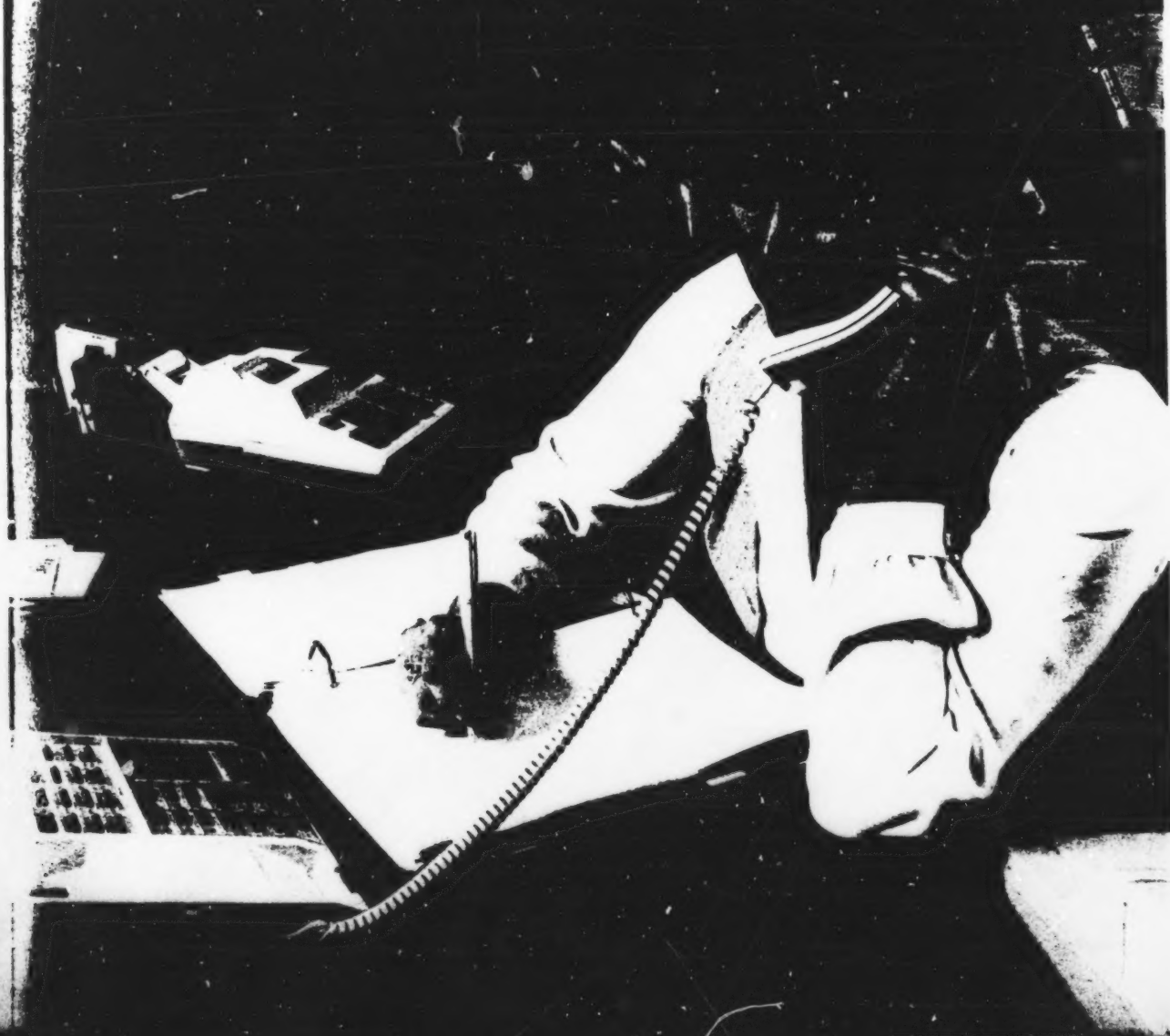
Advanced business systems introduced

The increasing use of computerized switching and digital transmission systems is accelerating the ever-growing number of new services the corporation is able to offer its business customers.

Innovative applications of Information Age technologies have increased both the capacity and flexibility of the province's telecommunications network so it can adapt more quickly to fast-changing demands of the business marketplace — whether for voice, data, or image (video) services.

The choice of technically advanced business products was also expanded considerably during the year allowing customers even greater opportunities to reduce costs and increase the efficiency of their operations. Many of the programmable, computerized systems now available have standard features such as abbreviated dialing, conference calling options, intercom service, and a built-in speaker to provide hands-free use. Through its membership in Telecom Canada, SaskTel brought expanded electronic

LOCATED TD





A large SL-1 computerized telephone system was installed during the year to serve the University of Saskatchewan and the University Hospital.

(Top) SL-1 switchboard operators Fran McCullough, Betty Linke, Jenny Pendleton, and Adele Kuss.

(Above) Associate Professor of Archaeology and Anthropology Dr. Ernie Walker and secretary Ann Childs.

messaging and data transmission services such as Dataroute, Datapac, and Datalink to more Saskatchewan business customers.

Over the last few years, SaskTel has adopted more aggressive marketing strategies to maintain its leadership position as the prime supplier of quality telecommunications goods and services in the competitive business marketplace. By year end, the number of SaskTel-supplied data terminals, mobile radios, and pocket pagers in service had increased substantially over the previous year. In addition, the number of telephones served by business switchboards had increased from 54,300 to more than 57,900.

Agritex available province-wide

In 1983 SaskTel introduced an electronic agricultural information service, called Agridex, to subscribers with individual line service. SaskTel has now developed and introduced a device called Party Line Emergency Access (PLEA), which allows the corporation to make Agridex services available to all residents of the province. The availability of PLEA units means that customers with party-line service now have access to the many different kinds of agricultural and lifestyle information available through Agridex.

Agridex currently provides more than 200 subscribers with easy and convenient access to a growing

number of data bases located throughout North America. These data bases offer a wide range of informational services such as farm management programs, current commodity prices, continually updated weather forecasts, news, electronic mail, family education programs, and electronic shopping. With the addition of four new data bases in 1984, more than one million electronic pages of information are now available to Agridex users.

While subscribers can purchase or rent terminals from SaskTel or from other suppliers, Agridex is also available to customers with compatible home computers.

During the fall semester, the University of Regina used SaskTel's Agridex service to offer a computer programming class to students located at eight communities in the province. Under the trial project, continuing education students at Indian Head, La Ronge, Melfort, Moose Jaw, Prince Albert, Sturgis, Swift Current, and Yorkton were able to follow lectures and complete assignments in Computer Science 271 from their community by using micro-computers connected to the Agridex gateway computer.

Dataroute expands into United States

Data users in Moose Jaw, Prince Albert, Regina, and Saskatoon were able to gain access to North America's first fully digital,

dedicated cross-border business communications network — Dataroute International — beginning in mid-1984. The new link is the first western Canadian connection between Telecom Canada's digital data network — Dataroute — and AT & T Communications' Dataphone Digital Data Service.

Dataroute International now links 82 Dataroute serving areas in Canada with 93 digital serving areas in the United States. Dataroute is used by customers who need instant access to data transmission facilities on an ongoing basis for services such as online banking, airline reservation systems, and computer time-sharing operations.

800 goes international

For business customers, the convenience of toll-free calling was expanded during the year to include telephone numbers in the United States. American customers are now able to call toll-free numbers in Canada, and Canadian customers are able to call American businesses with 800 service numbers.

The 800 service allows businesses to receive calls from designated areas at no charge to the originating caller. An increasing number of Saskatchewan businesses are finding that 800 service is a cost-effective, valuable marketing tool that can be used to improve customer service, reduce sales costs, and perform valuable market research.

Envoy Post now province-wide

Envoy Post, which allows customers to send and receive mail across Canada electronically, was expanded in September. A joint venture between Telecom Canada and Canada Post Corporation, Envoy Post now covers all areas of Saskatchewan through hard copy printers located in the Regina and Saskatoon post offices. A user sends an electronic message over the Datapac network to the Canada Post Electronic Mail Center nearest the recipient. The message is then printed on high quality paper for delivery by Canada Post either the same or next business day. A similar cross-border service makes it possible to send electronic mail to more than 100 million households and businesses throughout the United States.

Policy change opens up market

Under a policy change that came into effect during 1984, private two-way radio customers connected to SaskTel's telephone network no longer have to lease their radio sets from the corporation. The change means that SaskTel's two-way radio customers who use private systems, now have the option of buying their sets from SaskTel or any other dealer in the marketplace.

Dial-It 900

With the introduction of a trial service called Dial-It 900, Saskatchewan residents can now participate in "phone in" polls and have access to recorded public announcements.



Dr. Jeff Mc Kerrell, nurse Lola Bateman, with surgery 33 unit clerk Rae Farmer using an SL-1 telephone.



This new mass-calling communications service, which enables a large number of people to call specially designated telephone numbers simultaneously, offers both business and residential customers enhanced opportunities to use the telecommunications network.

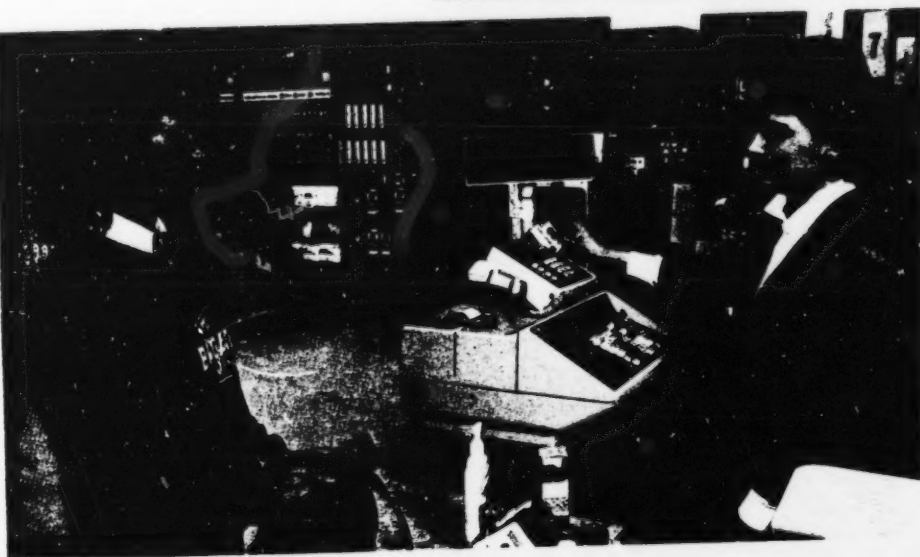
Business customers sponsoring the new service will be able to use it for a large number of applications including product promotion, image enhancement, sending a message to target audiences, and public service announcements.

Hello Central

A new service that enables users to send, receive, or record voice messages was introduced on a trial basis in 1984. The computerized service, called Hello Central, is an effective communications tool for improving office efficiency by eliminating "telephone tag", reducing office interruptions, providing after-hours telephone coverage, and reducing the cost of memos and letters.

Remote Call Forwarding

Remote Call Forwarding is helping Saskatchewan businesses set up branch offices in Regina and Saskatoon at a fraction of the cost normally associated with such an undertaking. When a business has Remote Call Forwarding, all calls made to a rented local number are automatically routed through the long distance network to the home office location, even if it is hundreds



of kilometers away. The service is also available to businesses that want to expand their operations to selected locations elsewhere in Canada and the United States.

Dialpac

Five communities participating in the Dialpac residential discount message plan trial in 1983 are still receiving the benefit of bulk-buying long distance calls to selected communities within a 40-mile radius. SaskTel has filed an application with the Public Utilities Review Commission for approval to extend this service to subscribers on a province-wide basis.

Telmart opens

Telmart, SaskTel's new retail telecommunications store, was opened in Regina's Cornwall Centre

A point-of-sale electronic funds transfer pilot project, the first of its kind in Canada, will begin operating in 1985. Pioneer Credit Union, Western Credit Union, and the Pioneer Co-op, all in Swift Current, and SaskTel are jointly participating in the project, with the assistance of Credit Union Central of Saskatchewan, Co-operators Data Services, and Federated Co-operatives. Customers using the system, like Connie Peters shown above, are able to pay for goods and services using a debit card. At the checkout counter, cashier Darlene Dyck inserts a plastic card which automatically transfers funds from Connie's credit union account.

(Opposite page) SaskTel's conference calling service is gaining popularity as an alternative to face-to-face meetings. Teleconferencing is a convenient time saver and has the added advantage of reducing travelling costs.



in late 1984. The new store demonstrates the corporation's commitment to bring the latest in telecommunications products to customers in the Saskatchewan marketplace.

More than 60 different types of phones are available at the store, where customers also can arrange for basic service installation, order residential extension jacks, purchase extension telephones, arrange for repairs to their own equipment, and pay telephone bills. At year end, a feasibility study was under way regarding the opening of additional Telmart stores at other locations in the province.

A number of new telephone styles, available province-wide, were introduced to residential telephone subscribers. The electronic Harmony telephone was undergoing a market trial in Regina and Saskatoon at year end, as an alternative to basic touch-tone desk telephones.

Organization and personnel

The corporation instituted a new corporate design program to reflect more accurately SaskTel's role as a provider of integrated telecommunications services (image, voice, data, and text).

Gone from the corporate logo is the outdated telephone symbol. In its place is a new, stylized symbol which represents the wide spectrum of integrated voice, data, and image services provided by the corporation.

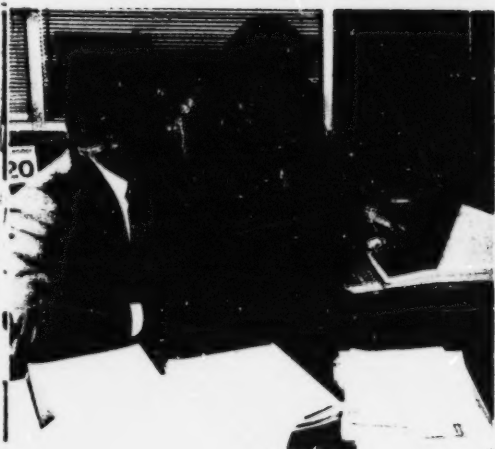
Blue and grey were selected because of their international association with telecommunications.

The dark gold and blue colors formerly used on corporate vehicles throughout the province are gradually being changed. SaskTel's fleet replacement vehicles are being painted on the assembly line in the new grey and white color scheme, eliminating the costly repainting of vehicles on delivery. This phased-in approach, like the design program itself, is an economy measure.

In an effort to improve service while still operating as efficiently as possible, the corporation continued to study and implement computerized systems to streamline operating procedures. In recent years, to this end, computerization has taken place in a number of areas including service orders, inventory control, customer records, and directory listings.

An earnings improvement program which identifies ways to make existing procedures more cost effective was continued throughout the year. Since the program began in 1981, money saving ideas worth \$9.0 million have been identified and implemented, with half that total achieved during 1984.

SaskTel dramatically improved its safety record in a number of key areas during the year. With an increased emphasis on safety training, the number of lost-time







Ron and Elizabeth Shirkey, with daughter Jennifer, were among the many shoppers who took advantage of the wide range of new telephones now available at the Telmart retail store in Regina's Cornwall Centre. Service representative Sandi Miller assists the Regina family with their selection.

accidents decreased by 22 percent resulting in a 39 percent improvement in the number of work days lost during 1984. Vehicle accidents also showed a significant decrease.

As part of the corporation's ongoing effort to promote safety at work, SaskTel corporate vehicles now are driven with their headlights on at all times in accordance with the Lights On For Life campaign. Back-up beepers are being installed on all vans and trucks, and new courses on driver training have been introduced to help reduce the number of vehicle accidents.

Other programs designed to further improve safety performance, by stressing accident prevention in the work place and at home, were being finalized at year end. These programs, scheduled for implementation in 1985, will ensure that a high priority continues to be placed on safety both on and off the job.

Recognizing the importance of helping employees keep up with today's changing telecommunications needs and the necessity of preparing its workforce for the even more demanding roles in the years ahead, SaskTel continued to place great emphasis on training.

Almost 200 different courses were offered by SaskTel's training and development branch in 1984. The branch conducted more than 12,000 employee-days of instruction. In

addition, the corporation's out-of-hours educational assistance program provided financial support to 298 employees who successfully completed approved courses.

During the year, SaskTel and the Telephone Pioneers cooperatively set up computer clubs to provide classes to interested employees. Moose Jaw and Yorkton were chosen as trial sites for the after-hours training sessions. The results of the trial will determine the best method of expanding the concept into other major centers throughout the province.

New collective agreement

A new two-year agreement was concluded during the year between SaskTel and the Communications, Electronic, Electrical, Technical and Salaried Workers of Canada (CWC). The agreement is in effect until March 1986.

Community service

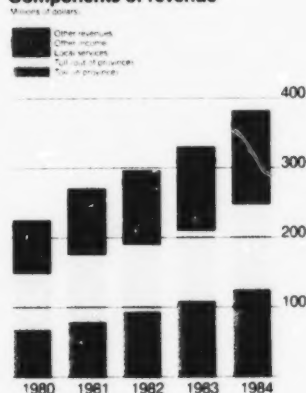
Many SaskTel employees gave generously of their spare time in serving the volunteer needs of the communities in which they live. Employees across the province also made financial contributions to community and charitable projects, mostly through the nine established employee benevolent fund organizations. In addition, members of the Telephone Pioneers continued to provide a number of important community services through their many programs.

SaskTel
Financial review

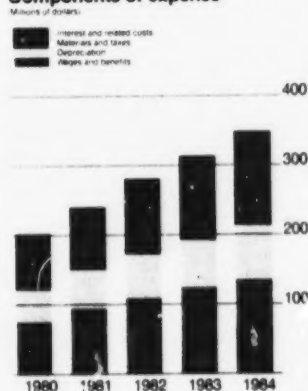
For the year ended December 31, 1984

Financial highlights

Components of revenue



Components of expense



The 1984 financial statements which follow reflect significant improvements in both operating results and the financial position of the corporation.

Operating revenues for 1984 totalled \$382.7 million, up \$56.6 million or 17.4% over 1983. Although there was no general rate increase in 1984, approximately \$22.8 million was due to the full year's impact of general rate increases implemented in 1983. The remaining increase of \$33.8 million was primarily due to volume growth and increased participation in out-of-province revenues. Total operating revenues were reduced by a provision for uncollectibles of \$2.3 million.

Long distance revenues of \$249.7 million increased by \$37.5 million or 17.7% over 1983. In-province calling accounted for \$15.8 million of the increase with out-of-province toll revenues rising by \$21.7 million.

Local service revenues, consisting primarily of subscriber equipment rentals, service connection

charges, coin telephone revenues and local private line services totalled \$112.6 million in 1984, an increase of \$15.5 million or 15.9% over 1983.

Other operating revenues amounted to \$22.7 million, up \$4.0 million or 21.1% over 1983. Included in this revenue category are directory advertising, building and other rent revenues, cable television services and subscriber late payment charges.

Operating expenses for the year amounted to \$280.5 million, an increase of \$28.2 million or 11.2% over 1983. Components contributing to this increase were salary and benefit costs of \$11.3 million, additional depreciation charges of \$10.6 million, and material and service cost increases of \$6.3 million.

Other income of \$4.8 million was up \$1.6 million or 47.5% over 1983 primarily due to increased equipment sales and financial income under sales-type leases.

Interest and related costs, net of interest charged construction, and

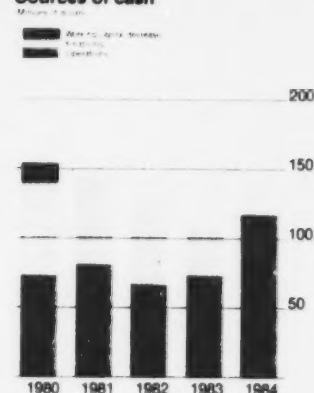
earnings on sinking funds and temporary investments, amounted to \$71.4 million, an increase of \$6.4 million or 9.8% over 1983. Lower sinking fund earnings, caused by a reduction in sinking fund investments in late 1983 to meet debt retirement needs, together with a depressed Canadian dollar in relation to the U.S. dollar, contributed to the net increase in costs.

Net earnings for the year of \$35.6 million represents a 4.3% rate of return on average capital employed. This compares with the rate achieved in 1983 of 1.5% and the average rate achieved over the 10-year period 1974 to 1983 of 4.5%. One half of the net earnings for 1984 have been declared as a dividend payable to the Crown Investments Corporation of Saskatchewan.

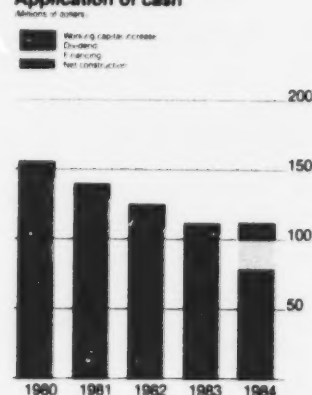
Cash flow from operations, financing and construction activities in 1984 resulted in a \$7 million improvement in our cash position at year end. Of significance, is that cash generated by operating activities increased by \$11.2 million or 62% over 1983

with net construction expenditures reduced by \$24.3 million or 23% from 1983. As a result, the corporation's self financing ratio on net construction expenditures improved from 73% in 1983 to over 125% in 1984. This allowed the corporation to reduce debt by \$20.8 million compared to net borrowing of \$34.9 million in 1983 and contributed to the debt equity ratio improvement from 81.2% in 1983 to 79.3% at the end of 1984.

Sources of cash



Application of cash



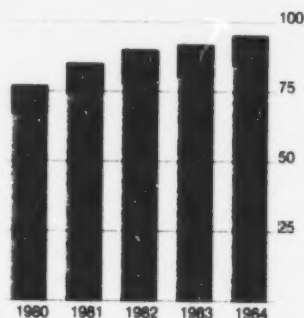
Ten-year record of service

For the year ended December 31



Long distance messages

■ Operator handled
■ Customer billed



	1984	1983	1982
Network access services**	497,483	484,538	467,000
Telephones			
SaskTel owned*	711,465	695,964	677,000
Rural company owned (switched by SaskTel)*	1,744	2,002	2,000
Originated long distance messages (in thousands)			
Telephone	86,177	82,994	79,000
Data, and other voice services	10,208	8,931	7,000
Total messages	96,385	91,925	87,000
Finance (in thousands of dollars)			
Operating revenues	382,724	326,085	293,000
Operating expenses	280,481	252,318	229,000
Other income	4,774	3,236	2,000
Interest and related costs	71,417	65,029	58,000
Extraordinary items	—	—	—
Net earnings	35,600	11,974	7,000
Dividend	17,800	5,987	3,000
Gross construction expenditures	93,951	116,649	121,000
Property, plant, and equipment*	1,192,832	1,132,965	1,046,000
Long-term debt — gross*	752,406	714,741	712,000
Financial ratios			
Return on average capital employed	4.3%	1.5%	1.0%
Debt as a percent of year end capital*	79.3%	81.2%	80.0%
Internally generated funds as a percent of net construction expenditures	125.6%	72.8%	58.0%
Employees and payroll			
Number of employees*	4,382	4,400	4,000
Salaries earned (thousands of dollars)	138,528	131,946	124,000

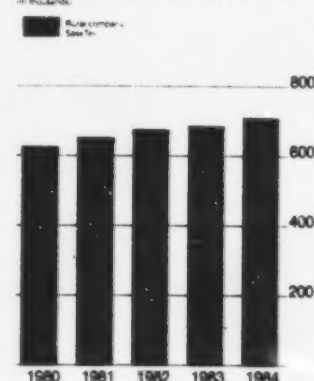
* At December 31

** Represents each working facility having primary connection to our network as at December 31

1981	1980	1979	1978	1977	1976	1975
454,284	435,293	417,209	400,320	383,619	357,672	341,929
652,009	618,614	584,456	551,053	516,312	451,685	421,792
3,661	4,661	6,812	9,040	13,687	47,762	49,721
77,108	70,728	65,134	59,108	52,171	46,948	42,342
6,829	5,638	4,327	3,464	2,676	2,198	1,989
83,937	76,366	69,461	62,572	54,847	49,146	44,331
266,561	224,831	196,832	164,419	135,473	115,717	92,113
199,599	162,942	139,856	117,242	98,792	83,334	67,316
720	329	433	495	1,563	379	207
47,710	37,404	32,160	28,204	20,302	13,701	9,810
4,337	—	—	—	—	—	—
24,309	24,814	25,249	19,468	17,942	19,061	15,194
14,000	12,400	12,625	9,725	8,975	9,500	7,600
139,082	144,161	93,626	97,199	104,138	83,548	75,367
958,237	853,619	723,176	649,696	566,488	470,992	394,900
630,605	500,716	471,412	453,663	350,715	278,952	208,276
3.6%	4.2%	4.8%	4.2%	4.8%	6.2%	6.1%
79.4%	78.7%	77.6%	78.4%	75.5%	73.0%	70.3%
45.5%	41.6%	62.3%	46.2%	34.9%	36.7%	34.9%
4,564	4,339	4,024	3,957	3,820	3,622	3,344
109,491	88,236	76,100	67,389	58,953	50,087	39,908



Telephones switched by SaskTel



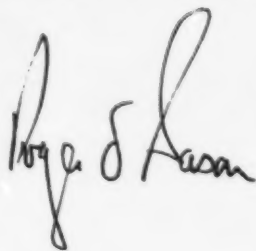
Management's responsibility for financial statements

Auditor's report

The financial statements which follow have been prepared by management in conformity with accounting principles generally accepted in Canada and have been examined and approved by the Board of Directors. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including written policies and procedures, an organization structure that segregates duties, and a comprehensive internal audit program. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, that assets are properly safeguarded, and that reliable financial records are maintained.

The Board of Directors fulfils its responsibility with regard to the financial statements principally through its Audit Committee, consisting solely of outside directors, which meets periodically with management as well as with internal auditors and the Provincial Auditor. The latter, who reports to the Legislative Assembly, has free access to the committee to discuss his audit work and his opinion on adequacy of internal financial controls and the quality of financial reporting.



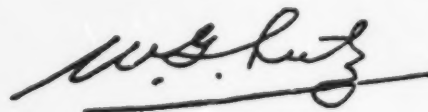
R.E. Bason
Vice President,
Administration

Regina, Saskatchewan
February 28, 1985

To the members of
the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of Saskatchewan Telecommunications as at December 31, 1984 and the statements of operations and retained earnings and changes in cash position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of Saskatchewan Telecommunications as at December 31, 1984 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



W.G. Lutz, F.C.A.
Provincial Auditor

Regina, Saskatchewan
February 6, 1985

Statement of operations and retained earnings

For the year ended December 31

		1984	1983
		(Thousands of dollars)	
Operating revenues			
	Long distance service	\$249,659	\$212,163
	Local service	112,638	97,169
	Other	22,714	18,736
	Uncollectible operating revenues	(2,287)	(1,983)
		<u>362,724</u>	<u>326,085</u>
Operating expenses			
	Maintenance and operations	107,261	97,170
	Depreciation (Note 2)	79,907	69,324
	General and administrative	93,313	85,824
		<u>280,481</u>	<u>252,318</u>
Net operating revenue		<u>102,243</u>	<u>73,767</u>
	Other income	4,774	3,236
		<u>107,017</u>	<u>77,003</u>
Interest and related costs (Note 3)		<u>71,417</u>	<u>65,029</u>
Net earnings		<u>35,600</u>	<u>11,974</u>
	Retained earnings, beginning of year	155,193	149,206
		<u>190,793</u>	<u>161,180</u>
	Dividend	17,800	5,987
Retained earnings, end of year		<u>\$172,993</u>	<u>\$155,193</u>

See accompanying notes

Statement of financial position

As at December 31

	1984	1983
	(Thousands of dollars)	
Assets		
Property, plant, and equipment (Note 4)	\$781,723	\$780,602
Investment — Telesat Canada (Note 5)	999	999
Current assets		
Cash and temporary cash investments — at cost	6,962	15
Accounts receivable	53,764	44,625
Prepayments	1,872	2,156
	62,598	46,796
Investment in leases (Note 6)	9,751	6,661
Deferred charges (Note 7)	47,130	38,395
	<u>\$902,201</u>	<u>\$873,453</u>
Liabilities and province's equity		
Long-term debt (Note 8)	\$657,077	\$628,205
Notes payable (Note 9)	—	36,000
Province's equity		
Retained earnings	172,993	155,193
Current liabilities		
Accounts payable	27,424	25,028
Interest accrued	15,540	13,861
Dividend payable	17,800	5,987
Service billed in advance	4,981	4,616
Long-term debt due within one year	6,386	4,563
	72,131	54,055
	<u>\$902,201</u>	<u>\$873,453</u>

See accompanying notes

Statement of changes in cash position

For the year ended December 31

	1984	1983
	(Thousands of dollars)	
Cash from operations		
Net earnings	\$ 35,600	\$ 11,974
Add: Depreciation and other items not requiring or generating cash (net)	82,287	69,670
Total from operations	117,887	81,644
Net change in non-cash working capital items	(4,417)	(3,207)
Payment of early retirement benefit costs	—	(8,213)
Dividend payment	(5,987)	(3,900)
Cash provided by operating activities	\$107,483	\$ 66,324
Cash from financing		
Proceeds from long-term debt	\$ 28,956	\$ 68,425
Repayment of long-term debt	(49,806)	(33,498)
Cash provided by (used in) financing activities	\$ (20,850)	\$ 34,927
Cash for construction		
Gross construction expenditures	\$ (93,951)	\$(116,649)
Change in material and supplies	(1,985)	1,176
Net salvage, capital contributions, and other items not requiring cash	16,250	11,508
Cash used in construction activity	\$ (79,686)	\$(103,965)
Net increase (decrease) in cash during the year	\$ 6,947	\$ (2,714)
Cash position at beginning of year	15	2,729
Cash position at end of year	\$ 6,962	\$ 15

See accompanying notes

Notes to financial statements

Note 1 — Status of the corporation

The provincial telephone system, in operation since 1908 as a department of government, was established as a crown corporation on June 1, 1947 under the name of Saskatchewan Government Telephones. On April 1, 1969, pursuant to The Saskatchewan Government Telephones Change of Name Act, 1969, the corporation's name became Saskatchewan Telecommunications.

The corporation, under the provisions of its Act, constructs, maintains, and operates a provincial telecommunications system; provides telecommunication services; and participates in establishing, constructing, and operating a co-ordinated telecommunications system in Canada.

The corporation is subject to regulation under the terms of the Public Utilities Review Commission Act proclaimed in full force and effect December 16, 1982.

The financial results of the corporation are included in the consolidated financial statements of the Crown Investments Corporation of Saskatchewan.

Note 2 — Summary of significant accounting policies

Property, plant, and equipment

Property, plant, and equipment is recorded at original cost and includes materials, services, direct labour and associated benefit costs, which are readily identifiable and quantifiable with the construction activity. In addition, the corporation includes the cost of funds used to finance construction, based on the size and duration of the projects.

Depreciation

Depreciation is computed on the straight line equal life group method using rates as determined by a continuing program of engineering studies for each class of property in service.

When depreciable telephone property is retired, the original cost of such property, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation.

The composite depreciation rate on the average depreciable telecommunications property in service was 7.36% in 1984 (6.97% in 1983).

As at December 31, 1984, the ratio of accumulated depreciation to depreciable telecommunications property was 36.2% (32.8% in 1983).

Pension fund obligations

The corporation provides the following pension plans for its employees, total costs of which amounted to \$12,192,000 in 1984 (\$11,612,000 in 1983).

SaskTel Superannuation Plan

This closed benefit based plan applies only to those employees hired prior to October 1, 1977, who elected to remain in the plan.

SaskTel meets its financial obligation for employee superannuation allowances payable in the future by making regular payments into the SaskTel Superannuation Fund equal to the annual current service pension costs recorded by SaskTel. The costs are calculated at the actuarially determined rate necessary to provide for future superannuation benefits over the remaining working lives of the employees. The latest actuarial study as at December 31, 1983 used the accrued benefit method of evaluation which indicated that continuance of employer contributions at twice the employee's contribution rate over the next 13 years would be adequate to fully fund all future service benefits and amortize past service costs of \$28,775,000.

Public Employees (government contributory) Superannuation Plan

This money purchase plan applies to all SaskTel employees hired on or after October 1, 1977. Employees hired prior to that date had the option, until October 1, 1978, of transferring to this plan. The pension costs to SaskTel under this plan are equal to the required employee contribution. SaskTel meets its financial obligations through regular monthly payments to the plan.

Cost of early retirement plan benefits

Benefit costs under the corporation's 1983 early retirement plan are being amortized, with the agreement of the Saskatchewan Public Utilities Review Commission, over a 24 month period commencing September, 1983. In 1984 the amount of \$4,107,000 was expensed (\$1,368,000 in 1983).

Gain on retirement of long-term debt before maturity

From time to time, long-term debt is retired prior to maturity through cancellation of the Province of Saskatchewan debentures held in the sinking fund. Any resulting gain is amortized on a straight line basis over the remaining life of the debentures cancelled.

Foreign currency translations

Net long-term debt payable in foreign currency is stated in Canadian dollars at the foreign exchange rate prevailing at December 31, and the resulting unrealized loss is amortized on a straight line basis over the current year and remaining life of the net debt.

Interest accrued on long-term debt payable in foreign currency is recorded in Canadian dollars at the foreign exchange rate prevailing at year end. Interest paid during the year on long-term debt is translated at the currency rate prevailing at

the interest payment date. Any gains or losses relating to these items are charged to income in the current period.

Sales-type lease accounting

Under this policy, sales revenue is recognized immediately and the present value of future lease payments not due within the next year are recorded as long-term receivables. Finance income is recognized as lease payments are received under contract terms and in a manner that produces a constant rate of return on lease investment.

Note 3 — Interest and related costs

	1984	1983
	(Thousands of dollars)	
Interest charges	\$ 79,084	\$ 76,735
Amortization of discount	598	640
Amortization of foreign exchange provisions	2,331	1,795
	82,813	79,170
Less: Sinking fund earnings	8,723	11,079
Gain on debt retirement	218	385
Interest charged to construction	1,282	1,662
Interest on temporary cash investments	1,163	1,015
	\$ 71,417	\$ 65,029

Note 4 — Property, plant, and equipment

	1984	1983
	(Thousands of dollars)	
Buildings, plant, and equipment	\$1,136,758	\$1,072,787
Land	27,304	26,827
Plant under construction	15,004	21,570
Materials and supplies	13,786	11,781
	1,192,832	1,132,965
Less: Accumulated depreciation	411,109	352,363
	\$ 781,723	\$ 780,602

Note 5 — Investment in Telesat Canada

This investment represents 99,900 no par value common shares, of Telesat Canada at an issue price of \$10 per share.

Note 6 — Investment in leases

Finance income from sales-type leases amounted to \$1,447,000 in 1984 (\$1,083,000 in 1983) with the corporation's net investment as at December 31, composed of net minimum lease payments and unearned finance income, as follows:

	1984	1983
	(Thousands of dollars)	
Current accounts receivable:		
Net investment in leases	\$ 1,739	\$ 1,021
Non-current accounts receivable:		
Total minimum lease payments receivable	\$18,532	\$13,146
Less: Unearned finance income	7,042	5,464
	11,490	7,682
Less: Current portion	1,739	1,021
	\$ 9,751	\$ 6,661

Note 7 — Deferred charges

	1984	1983
	(Thousands of dollars)	
Applicable to long-term debt:		
Unamortized discount	\$ 6,436	\$ 7,034
Unamortized unrealized net foreign currency losses	38,638	25,417
	45,074	32,451
Less: Unamortized gain on retirements before maturity	883	901
	44,391	31,550
Unamortized early retirement plan benefit costs	2,739	6,845
	\$47,130	\$38,395

Note 8 — Long-term debt Province of Saskatchewan

Percent	Issue date	Due date	Recorded debt outstanding	1984	1983
			(Thousands of dollars)		
4.750	Jan. 2, 1959	Jan. 2, 1984	—	—	2,906
5.500	Jan. 15, 1964	Jan. 15, 1984	—	—	4,302
5.500	July 15, 1964	July 15, 1985	2,807	2,807	2,607
5.500	Dec. 1, 1964	Dec. 1, 1985	5,186	5,186	5,186
5.650	1966	1986	7,401 (b)	7,401	7,401
13.375	April 1, 1981	April 1, 1986	75,000 (c)	75,000	75,000
5.898	1967	1987	2,882 (b)	2,882	2,882
6.000	Mar. 1, 1967	Mar. 1, 1987	2,928	2,928	2,928
6.549	1968	1988	2,000 (b)	2,000	2,000
7.541	1969	1989	10,100 (b)	10,100	10,100
8.093	1970	1990	9,806 (b)	9,806	9,806
4.875	Oct. 1, 1965	Oct. 1, 1990	7,798 (a)	7,341	7,341
7.125	1971	1991	9,461 (b)	9,461	9,461
16.375	Oct. 1, 1981	Oct. 1, 1991	66,085 (a)	62,220	62,220
7.528	1972	1992	15,083 (b)	15,083	15,083
7.689	1973	1993	8,644 (b)	8,644	8,644
7.750	Feb. 15, 1973	Feb. 15, 1996	5,000	5,000	5,000
8.250	Dec. 3, 1973	Dec. 3, 1996	15,000	15,000	15,000
10.000	Dec. 2, 1974	Dec. 2, 1999	25,000	25,000	25,000
11.750	June 2, 1980	June 2, 2000	25,000	25,000	25,000
9.875	Nov. 3, 1975	Nov. 3, 2000	2,222	2,222	2,222
10.250	Apr. 1, 1976	Apr. 1, 2001	25,000	25,000	25,000
9.000	Feb. 1, 1977	Feb. 1, 2002	25,000	25,000	25,000
13.000	Dec. 1, 1982	Dec. 1, 2002	75,000	75,000	75,000
12.250	Mar. 30, 1983	Mar. 30, 2003	25,000	25,000	25,000
9.500	June 15, 1978	June 15, 2003	30,000	30,000	30,000
11.650	1983	2003	8,182 (b)	8,182	8,182
12.966	1984	2004	28,956 (b)	—	—
10.000	May 15, 1979	May 15, 2004	40,000	40,000	40,000
8.700	Nov. 15, 1976	Nov. 15, 2006	66,085 (a)	62,220	62,220
8.625	May 15, 1977	May 15, 2007	66,085 (a)	62,220	62,220
9.250	April 27, 1978	April 15, 2008	66,085 (a)	62,220	62,220
			752,406	714,741	
Less: Equity in sinking funds			88,943	81,973	
Due within one year			6,386	4,563	
Net long-term debt — December 31			\$ 657,077	\$ 628,205	

- (a) Represents long-term debt repayable in United States dollars having a U.S. face value of \$205,900,000 converted to \$225,599,000 Canadian at time of issue. It is recorded in Canadian dollar equivalent of \$272,138,000 based on the foreign exchange rate prevailing as at December 31, 1984 of 1.3217 (1983 — 1.2444).
- (b) Long-term debt totalling \$102,325,000 received through the Canada Pension Plan under 20-year terms, is subject to redemption at six months notice.
- (c) Subject to exchange for an equal amount of 13.375% debentures due April 1, 1996, if the holders so elect by October 1, 1985.
- (d) Under conditions attached to most long-term debt, SaskTel is required to pay annually into sinking funds administered by the Province of Saskatchewan amounts ranging from 1% to 3% of the original value of long-term debt received. The equity shown includes United States investments held in the fund having a U.S. value of \$6,030,000 recorded at \$7,969,000 Canadian dollar equivalent based on the foreign exchange rate prevailing as at December 31, 1984.
- (e) Total sinking fund installments and long-term debt repayments (net of sinking fund equity) on outstanding debt over the next five years are as follows:
 1985 — \$ 6,386,000
 1986 — \$81,526,000 [see (c) above]
 1987 — \$ 6,714,000
 1988 — \$ 6,390,000
 1989 — \$ 9,064,000

Note 9 — Notes payable

Notes payable represents interim capital financing arranged under established lines of credit. There were no outstanding notes payable at December 31, 1984 (1983 — \$36 million).

Note 10 — Commitments

As at December 31, 1984, SaskTel was committed in the amount of approximately \$21 million for construction materials, equipment, and services related to switching modernization, building construction, and computer equipment.

Note 11 — Related party transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the corporation is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

Other amounts due to (from) related parties and the terms of settlements are described separately in the financial statements and the notes thereto.

Note 12 — Remuneration of directors and officers

During 1984, eleven persons (1983 — 11) serving on the corporation's board of directors received remuneration amounting to \$74,700 (1983 — \$54,283). There were also 18 employees (1983 — 23) serving in executive office positions during the year, with aggregate remuneration amounting to \$1,181,211 (1983 — \$1,398,235). As at December 31, 1984, there were seventeen executive officers serving the corporation.

Note 13 — Comparative information

Figures for 1983 have been restated where necessary to conform to the 1984 presentation. In addition, the statement of changes in financial position now titled cash position, has been restructured in conformance with the CICA Accounting Standards committee's recommendations.

Board of directors



Graham H. Walker
Chairman
Regina



Hon. J. Gary Lane
Regina



Doug Friend
Rosetown



Bette Harris
Nipawin



Garth Kennedy
Regina



Helen Krozser
Markinch



Jack McFaull
Saskatoon



Mark Seidel
Humboldt



Lyle Taylor
Melfort



Ted Urness
Saskatoon



Bertha Vanderhaeghe
Esterhazy



Art Watt
Craik

Committees of the board

Audit committee:
Mark Seidel (chairman)
Bette Harris
Garth Kennedy
Ted Urness

Corporate contributions committee:
Lyle Taylor (chairman)
Bertha Vanderhaeghe
Art Watt

Management resources and compensation committee:
Doug Friend (chairman)
Jack McFaull
Graham Walker

Marketing committee:
Garth Kennedy (chairman)
Doug Friend
Ted Urness

Corporate directory

Saskatchewan Telecommunications profile

Executive officers

Frank A. Degenstein*
President

Roger E. Bason*
Vice President
Administration

S. Fraser Lee*
Vice President
Network Services

Barry E. Roberts*
Vice President
Personnel, Supplies, and Services

Pieter Van Vliet*
Vice President
Customer Services

Operating officers

William A. Bruce
Assistant Vice President
Buildings, Supplies, and Services

Harold E. Freberg
Assistant Vice President
Customer Services (North)

John A. Funk
Assistant Vice President
Corporate Information Systems

Ronald N. Gallant
Assistant Vice President
Comptroller

David M. Harvey
Assistant Vice President
Planning and Development

B. William Lambert
Assistant Vice President
Network Services

John G. McGregor
Assistant Vice President
Marketing

John C. Meldrum*
General Counsel and Corporate
Secretary

H. James Osborne*
Assistant Vice President
Public Affairs

George A. Spencer*
Assistant to the President

Norman F. Stepan
Assistant Vice President
Customer Services (South)

Kenneth H. Thompson
Assistant Vice President
Operator Services

Saskatchewan Telecommunications (SaskTel) is a provincially-owned crown corporation responsible for providing local, long distance, and related data and image telecommunications services within the province of Saskatchewan. Similar services, on a national and international level, are offered through the corporation's membership in Telecom Canada.

The corporation employs approximately 4,400 people, the majority located in Regina (head office) and Saskatoon. Employee groups are also stationed throughout the province in 60 other communities.

SaskTel dates back to 1908 when the Department of Railways, Telegraphs, and Telephones was established by an act of the Saskatchewan legislature. In 1947, the organization became a crown corporation known as Saskatchewan Government Telephones (SGT). The name was changed to Saskatchewan Telecommunications in 1969 to reflect the growing diversification of its many products and services.

SaskTel is committed to meeting the ever-changing information handling requirements of all Saskatchewan residents, now and in the future.

As an innovative leader in the telecommunications industry, the corporation continues to provide quality, reasonably priced services by applying the latest technological advances in the most economical way.

*Executive committee

